



[EPA-HQ-OW-2002-0059; FRL-10519-01-OW]

Proposed Information Collection Request; Clean Water State Revolving Fund and Drinking Water State Revolving Fund Programs

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA) is planning to submit an information collection request (ICR), “Clean Water State Revolving Fund and Drinking Water State Revolving Fund Programs” (EPA ICR No. 1803.09 OMB Control No. 2040-0185) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act (PRA). Before doing so, the EPA is soliciting public comments on specific aspects of the proposed information collection as described in the **SUPPLEMENTARY INFORMATION** section. This is a proposed renewal of the ICR, which is currently approved through August 31, 2023, for the Drinking Water State Revolving Fund (DWSRF). This ICR consolidates the DWSRF and Clean Water State Revolving Fund (CWSRF) ICRs (ICR No. 1803.08 and ICR NO. 1391.12, respectively) because they affect the same set of respondents in similar ways. Additional information collection requirements made necessary by the Bipartisan Infrastructure Law (BIL) are similar for both programs. Therefore, EPA is consolidating the DWSRF and CWSRF ICRs, in addition to updating and renewing them, to provide a more coherent picture of the information components of EPA’s SRF program. An Agency may not conduct or sponsor a collection of information nor is a person required to respond unless it displays a currently valid OMB control number.

DATES: Comments must be submitted on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: Submit your comments, referencing Docket ID No. EPA-HQ-OW-2002-0059, online using www.regulations.gov (our preferred method), by email to OW-Docket@epa.gov, or

by mail to: EPA Docket Center, Environmental Protection Agency, Mail Code 28221T, 1200 Pennsylvania Ave., NW, Washington, DC 20460.

EPA's policy is that all comments received will be included in the public docket without change including any personal information provided, unless the comment includes profanity, threats, information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

Supporting documents which explain in detail the information that the EPA will be collecting are available in the public docket for this ICR. The docket can be viewed online at www.regulations.gov or in person at the EPA Docket Center, WJC West, Room 3334, 1301 Constitution Ave., NW, Washington, DC. The telephone number for the Docket Center is 202-566-1744. For additional information about EPA's public docket, visit <http://www.epa.gov/dockets>.

Pursuant to section 3506(c)(2)(A) of the PRA (44 U.S.C. 3501 *et seq.*), EPA is soliciting comments and information to enable it to: (i) evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the Agency, including whether the information will have practical utility; (ii) evaluate the accuracy of the Agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (iii) enhance the quality, utility, and clarity of the

information to be collected; and (iv) minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses. EPA will consider the comments received and amend the ICR as appropriate. The final ICR package will then be submitted to the Office of Management and Budget (OMB) for review and approval. At that time, EPA will issue another *Federal Register* notice to announce the submission of the ICR to OMB and the opportunity to submit additional comments to OMB.

Abstract: The information collection activities will occur primarily at the program-level through the State Capitalization Grant Agreement/Intended Use Plan and Annual Report. The information on the Intended Use Plan (IUP) is needed annually to describe how the State intends to use available State Revolving Fund (SRF) funds for the year to meet the objectives of the Clean Water Act (CWA) or Safe Drinking Water Act (SDWA) and to further the goal of protecting public health. The Annual Report is needed to provide detailed information on how the State has met its goals and objectives of the previous one or two fiscal years as stated in the IUP and grant agreement. The CWA and SDWA require this information to ensure the national accountability, adequate public review and comment, fiscal integrity, and consistent management needed to achieve public health and CWA and SDWA compliance objectives.

Title VI of the CWA of 1987 established the Clean Water State Revolving Fund (CWSRF) program, which replaced the Environmental Protection Agency's (EPA) Construction Grants Program. As outlined in 40 CFR part 35, subpart K, State Water Pollution Control Revolving Funds, and EPA guidance, each State and Puerto Rico has its own CWSRF. The 1996 SDWA Amendments created the Drinking Water State Revolving Fund (DWSRF). Much like the CWSRF, each State and Puerto Rico has its own DWSRF, outlined in 40 CFR part 35, subpart L.

A State's CWSRF and DWSRF include funds provided by Federal capitalization grants,

repayments from prior assistance agreements, interest that has been repaid to the SRF, and investment income. In some cases, a State SRF secures additional funding through bond proceeds. Each State designs and operates its own revolving fund to provide financial assistance to eligible recipients for water pollution control and drinking water safety activities.

The CWSRF and DWSRF were established as low-interest sources of funding for a wide range of water infrastructure projects and have the flexibility to use options beyond low interest loans. States have the authority to use the SRFs to issue and refinance loans, purchase or guarantee local debt, and purchase bond insurance. States may also set specific terms such as interest rates and repayment periods. The CWSRF can also issue loan guarantees, and in 2009, Congress authorized States to provide further financial assistance via the CWSRF program in the form of grants, principal forgiveness, and negative interest rate loans. Under the DWSRF, a State may, at its discretion, establish disadvantaged community criteria and offer negative interest rates, principal forgiveness, and/or an extended repayment term.

Congress provides EPA annual appropriations for providing capitalization grants to State SRFs. EPA awards these grants to each State upon the State's submission of a grant application, which includes an IUP. While EPA provides oversight that ensures that States' procedures are consistent with the CWA or SDWA and accompanying regulations, the States have a great deal of autonomy in administering the program and selecting which projects receive funding.

Additional information about the CWSRFs and DWSRFs are available at <https://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf> and <https://www.epa.gov/dwsrf/how-drinking-water-state-revolving-fund-works#tab-1>, respectively. This ICR renews the OMB Number 2040-0185 DWSRF ICR and provides updated estimates of the reporting burden associated with the information collection activities for both DWSRF ICR and CWSRF ICR.

The individual information collections covered under this ICR are briefly described as follows:

(1) Capitalization Grant Agreement/Intended Use Plan

The Capitalization Grant Agreement is the principal instrument by which the State commits to manage its revolving fund program in conformity with the requirements of the CWA or SDWA. The grant agreement contains or incorporates by reference the IUP, application materials, payment schedule, required certifications, Operating Agreement (if used), and other documentation required by the Regional Administrator. Information on how an SRF program intends to use its funds for the upcoming year to meet the objectives of the CWA or SDWA can be found in the IUP. The agreement is a general instrument to legally commit the State and EPA to execute their responsibilities under the CWA or SDWA.

(2) Annual Report

The Annual Report indicates how the State has met its goals and objectives of the past fiscal year as stated in the grant agreement and, more specifically, in the IUP. The Annual Report provides information on loan recipients, loan amounts, loan terms, project categories of eligible costs, and similar data on other forms of assistance. The Annual Report also describes the extent to which the existing CWSRF or DWSRF financial operating policies, alone or in combination with other State financial assistance programs, will provide for the long-term fiscal health of the SRFs and carry out other key provisions of the CWA or SDWA. Financial information from the Annual Report may be entered into the SRF Data System. The SRF Data System updated and consolidated the Project Benefits Reporting (PBR) System, CWSRF Benefits Reporting (CBR) System, Drinking Water National Information Management System (DWNIMS), and Clean Water National Information Management System (CWNIMS) into a single portal, where data can be collected on State SRF assistance agreements, annual State level SRF program activity, SRF borrower data, and State SRF program agency management data. Through consolidation of system, the SRF Data System can avoid duplication of data questions to State users, more easily ensure data consistency, and more easily use and share data from other EPA Systems.

(3) State Audit

A State must comply with the provisions of the Single Audit Act Amendments of 1996. Best management practices suggest, and the EPA recommends that a State conduct an annual independent audit of its SRF programs. The State Audit must contain an opinion on the financial condition of the SRF programs, a report on its internal controls, and a report on compliance with applicable laws and the CWA or SDWA. Therefore, a State may voluntarily agree to conduct annual independent audits.

(4) Financial and Project Data

To meet the CWA and SDWA objectives of “promoting the efficient use of fund resources” States must enter financial data, including project commitments and disbursements, into the SRF Data System on an annual basis. These data, also available to the public, are used by the EPA to assess compliance with the Program’s mandate to use all funds in an “expeditious and timely” manner and achieve maximum environmental benefits from the Fund. Project level data are collected on a quarterly basis using the SRF Data System to ensure CWA and SDWA eligibility and to highlight the projected environmental and health benefits from SRF projects.

(5) SRF Public Awareness Requirements

Per EPA Grants Policy Issuance (GPI) 14-02: Enhancing Public Awareness of EPA Assistance Agreements, SRF borrowers must publicize EPA’s involvement in project funding only up to the funding amount in each year’s capitalization grant. The SRFs have various options to meet this requirement.

Though the CWSRF information collection activities closely mirror those of the DWSRF program, there are several key differences. Specifically, the CWA requires the CWSRFs to provide EPA with an Annual Report that documents program activity over the prior year. In addition, the DWSRF program includes several set-aside programs that are funded through the DWSRF capitalization grants. These set-aside programs cover activities that are separate from the funding provided by the DWSRFs for eligible water infrastructure projects. The use of the set-aside funds must be tracked through the various DWSRF information collection activities,

including the IUPs and Annual Reports. The CWA does not provide similar set-aside programs for the CWSRFs.

With the exception of the public awareness requirements, the respondents for the information collection activities are the State environmental departments, State departments of health, requirements should not have an impact on small entities since the SRFs have flexibility in determining which borrowers must comply with these requirements.

Form Numbers: None.

Respondents/affected entities: Entities affected by this action are States and local governments.

Respondent's obligation to respond: Required to obtain or retain a benefit per the Clean Water Act title VI and the Safe Drinking Water Act section 1452.

Estimated number of respondents: 2,836 State and local respondents (total).

Frequency of response: Varies by requirement (i.e., quarterly, semi-annually, annually).

Total estimated burden: 186,518 hours (per year). Burden is defined at 5 CFR 1320.03(b).

Total estimated cost: \$17,688,247.00 (per year), includes \$6,354,600.00 annualized capital or operation & maintenance costs.

Changes in Estimates: The passage of the BIL created five new appropriations for SRF funding: CWSRF General Supplemental Funding, CWSRF Emerging Contaminants Funding, DWSRF General Supplemental Funding, DWSRF Emerging Contaminants Funding, and DWSRF Lead Service Line Replacement Funding. For both the CWSRF and the DWSRF, the respondent average annual hourly burden increased, as EPA estimates more applications will be submitted due to this increase in funding. Additionally, wages increased for SRF State staff and SRF borrowers, which also increased the average annual costs to respondents. For the DWSRF, the Agency net average annual hourly and cost burden decreased so that the estimates were corrected and better aligned with those of the CWSRF. For the CWSRF, the Agency hourly burden remained the same as the previous CWSRF ICR, while the Agency cost burden increased to reflect an increase in employee wages. The total annual cost of burden estimate for both SRFs is

higher than the previous ICR submitted since this ICR covers both the CWSRF and the DWSRF, while the previous ICR only applied to the DWSRF.

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[FR Doc. 2023-00894 Filed: 1/18/2023 8:45 am; Publication Date: 1/19/2023]